



UNECE

REAL ESTATE MARKET ADVISORY GROUP (REM)

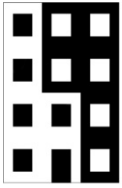
Committee on Housing and Land Management (CHLM)

Seventy-second session

Palais de Nations, Geneva, 3-4 October 2011

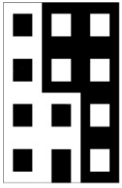
**Report on work undertaken since the seventy-first session
and highlights of planned activities for 2012-2013**

GIAMPIERO BAMBAGIONI, Deputy-Chair of REM



April 2010 – UNECE and REM published, with the support of Tecnoborsa, the final document “**Policy Framework for Sustainable Real Estate Markets: Principles and guidance for the development of a country's real estate sector**”.

This was widely distributed and presented world wide and has since been **translated into Spanish, Portuguese, Chinese, Russian**, as well as the English version being available in PDF format on the UNECE website.

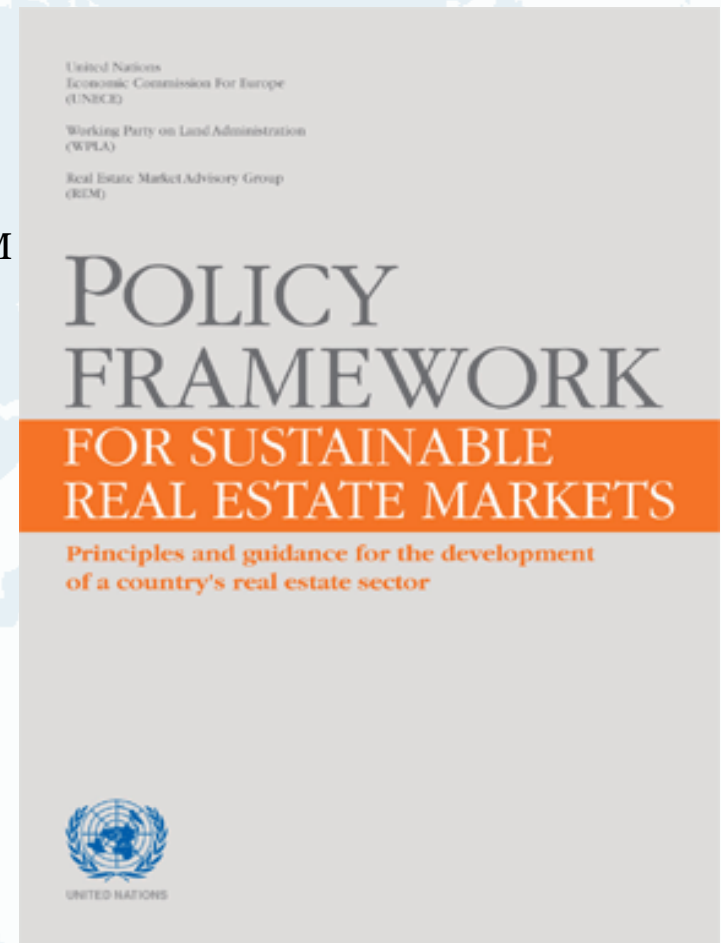


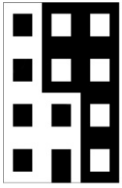
About “*Policy Framework for Sustainable Real Estate Markets*”

The REM Task Force:

- Giampiero Bambagioni, Chair of the Task Force, REM
- Wolfgang Amann, REM
- Enrico Campagnoli, REM
- Peter Creuser, WPLA
- David Egiashvili, REM
- Brian Emmott, REM
- Jonathan Harris, REM
- Damir Pahic, WPLA
- UNECE Secretariat

Consist by 10 Principles

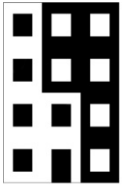




“Policy Framework for Sustainable Real Estate Markets”

The real estate sector constitutes a large portion of a country’s gross domestic product – it is estimated by the World Bank to be worth 68% of total assets of the world economy – and it is also often the main form of investments for savings of individual households.

Since real estate is also significantly utilized as collateral of financial products by lending institutions, its potential for growth and contraction could have a wider impact in the overall economy.

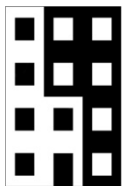


“Policy Framework for Sustainable Real Estate Markets”

▶ The study of differences on a national level constitutes the very foundation for the development of specific, practical guide lines to encourage economic and social development.

J.W. Goethe wrote that *“one does not possess what one does not understand”*.

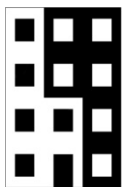
In my opinion *“it is difficult to understand and manage what one does not know”*.



June 2010 – Kiev (Ukraine). Roundtable “Towards Sustainable Real Estate Markets” (18 June 2010).

The event was organized by REM in co-operation with the Ukrainian Chapter of the International Real Estate Federation. The conclusions of the roundtable provided guidance to a working group that was established to work with the Government of Ukraine on the development of specific policy reforms for the real estate sector. In January 2011 this resulted in the passing of reforms to the Land Planning Act.

July 2010 – Podgorica (Montenegro). Conference “Western Balkan Social Housing Initiative” (8/9 July 2010 in Podgorica / Montenegro). Organised by IIBW, CFSSI, Government of Montenegro. Participation of 8 CEE/SEE countries, UNECE, CECODHAS, DIGH etc. Recommendation of a social partnership approach to implement social housing schemes.


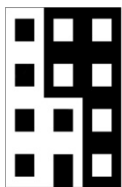


November 2010 – Dessau (Germany). International Forum on Greening Real Estate Markets: A Multi-Stakeholder Perspective. (29-30 November 2010).


The event was jointly organized by REM and the German Federal Environment Agency (UBA). Speakers and participants discussed existing obstacles as well as the economic and social benefits associated with a green real-estate sector.

January 2011 – Lisbon (Portugal). Roundtable on Sound Rules to Improve the Real Estate Sector.

The event was organized by REM in co-operation with the Portuguese Chapter of the International Real Estate Federation. Government officials, representatives of professional associations, the private sector and academics participated in the roundtable. Speakers discussed how the principles contained in the Policy Framework publication might be applied to Portugal's present challenges.

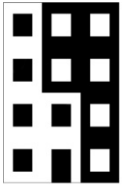


March 2011 – Cannes (France). At MIPIM, the most important RE exhibition world wide, organized by Fiabci in cooperation with Tecnoborsa, in an UNECE REM event the Framework were presented as the encouraging results of their consideration in Ukraine and in Portugal.

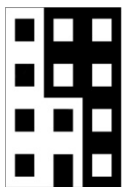


May 2011 – Rome (Italy). Forum on Sound Rules to Improve the Real Estate Sector, at Chamber of Commerce of Rome, hosted by Tecnoborsa. (13 May 2011).

Government officials, representatives of professional associations, the private sector and academics will participate in the roundtable. Speakers – with representative from UNECE Secretariat – will discuss how the principles contained in the Policy Framework publication might be applied to Italy's present challenges.



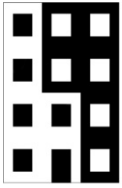
**PROPOSED ELEMENTS
FOR A PROGRAMME OF WORK OF THE
REAL ESTATE MARKET ADVISORY GROUP
FOR THE PERIOD 2012-2013**



The *programme of work* will be focused on promoting the goals and principles contained in the **Policy Framework for Sustainable Real Estate Markets**.

The objective of the REM Advisory Group is to support improved planning and implementation by member States in the areas of work presented below:

- Integrated legal framework for the real estate sector
- Efficiency of services
- Prerequisites for development of sound RE markets
- Good governance
- Sustainable financing
- Transparency and advanced financial products
- Property valuation
- Social housing
- Training and capacity-building



MAIN AREAS OF ACTION FOR THE PERIOD OF 2012-2013



Area I:

Policy Framework for Sustainable Real Estate Markets



Area II:

Risk Assessment in real estate and real estate rating

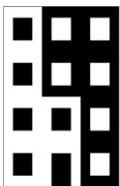


Area III:

Valuation standards and financing of real estate markets

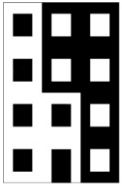
This areas of work can't be adequately understood without first having a general view of the Principle and the vision standing at the base of the **Proposed elements of Programme of Work** included in the documents prepared for the CHLM session.

For this reason I'm going to illustrate – very schematically – the main stages that marked the genesis of the proposed activities.



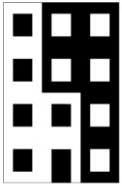
There are several interlinked areas of action, as illustrated in the figure below:





In the centre: **Economic and social development** implies the recognition of the importance of having effective policies, which aim to improve the stability of the country according to a regional and international framework of stability, which applies the principles of transparency and good governance for social and economic sustainable development.

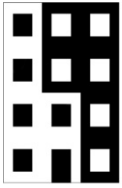
An appropriate **Legal Framework** (including both a national and international Policy) is essential for the development of the **Real Estate Markets**.



Risk Assessment and Risk Management, together with an appropriate **Valuation** of real estate assets used as collateral for advanced financial products, can not only produce social and economic benefits, but also reduce the probability of future financial crises.

Funding at reasonable interest rates – based on the banking system being able to find money at not too high a cost and to comfortably develop structured financial operations (such as securitisation operations) – is an essential condition for access to **Credit and mortgages** for low-income earners which, in turn, is an essential element for a healthy, real estate market.

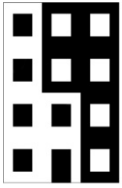
Thus, a more integrated, holistic approach is required.



The international financial crisis was already apparent in 2006. As we know, the financial crisis in 2008 was caused by sub-prime mortgages; now sovereign debt is affected.

The nation-state system which forms the “global village” has become increasingly integrated and interconnected on both an economic and social level.

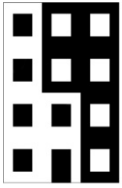
It generates such rapid changes that in some countries the managers of “*res publica*” – that is to say the system of national government – are unaware of the extent of the phenomena from their onset. Handling the phenomena as they occur can be too late. To redirect or stop a moving train is no simple matter. The present situation of several Arab Countries shows how necessary and urgent is to create the suitable conditions for a better quality of life for all citizens.



The real estate sector, if well regulated and based on transparent real estate and financial markets, could be a driving force for sustainable development.

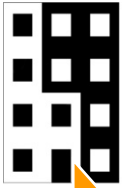
In many ways, **adequate global real estate regulations can produce social, economic and environmental benefits to Countries as well as increased financial stability, for economies in transition too.**

Well functioning real estate markets will significantly facilitate labour mobility within and across countries, thus reducing the burdens of economic adjustment during recessions.



The development of real estate economy helps to solve both housing question by providing comfortable houses to many people while the whole construction sector contributes to raise per capita GDP.

Economic and social phenomena rapidly evolve and need to be governed holistically.



Area I:

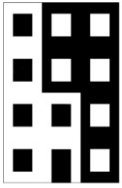
Policy Framework for Sustainable Real Estate Markets

Activities to be undertaken:

- (a) **When invited and funded, organize roundtable discussions in countries of the region to promote the implementation of the Policy Framework. Currently, interest is being shown by Bulgaria, Romania and Russian Federation.**
- (b) Update the Policy Framework based on the results of the roundtable discussions and other recommendations.

Outcome:

- (a) Improved understanding by national experts and policy makers of country specific issues related to the real estate sector; and established network with Governments and other national stakeholders.
- (b) Updated Policy Framework for Sustainable Real Estate Markets.
- (c) **Improved national legal frameworks for the real estate sector as a result of the implementation of principles and recommendations contained in the Policy Framework.**



Area II:

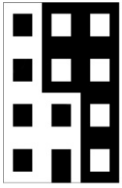
Risk Assessment in real estate and real estate rating

REM Advisory Group is currently undertaking a project on Real Estate Property and Market Risk Evaluation.

The objective of the project is to develop guidelines (i.e. principles and methods for measuring risk in the real estate sector) **for the application of accurate and transparent rating mechanisms for real estate properties to be used as a collateral for financial products.**

It will include criteria and methodologies for an appropriate risk assessment of real estate properties that will be comparable across borders.

The implementation would help member States to improve their national legislations on real estate property and market risk evaluation.

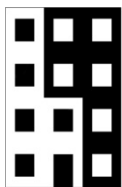


Activities:

- (a) Conduct research and analysis and collect inputs from international experts and organizations.
- (b) Summarize key findings and post them online for additional comments and suggestions.
- (c) Develop the first draft of the guidelines on Real Estate property and market risk evaluation.
- (d) Organize a Risk Assessment and Rating of Real Estate Forum in order to present, review and discuss the first draft; seek for additional inputs from participants.
- (e) Consolidate key recommendations and finalize the draft guidelines.

Outcome:

Guidelines on Risk Assessment for the Real Estate Market.



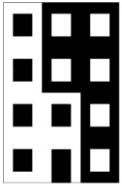
Area III:

Valuation standards and financing of real estate markets

The REM Advisory Group contributes to the **creation of more efficient and developed markets through improving the reliability of property valuation standards and the promotion of sustainable financing of the real estate sector**. This will be done through capacity building activities and the development of a study.

Activities:

(a) At least one capacity building workshop on the subject of valuation standards and financing of real estate markets. The workshop(s) are aimed at strengthening the capacity of national authorities and the private sector in reviewing valuation standards and issues related to financing of real estate markets;



(b) As a contribution to the work of the WPLA on the benchmarking study on land administration cadastre systems, a complementary study on property valuation for tax purposes will be developed;

(c) Subject to availability of funding, possible development and publication of Policy Guidelines on Valuation Standards and Financing of Real Estate Markets, in cooperation with other stakeholders in the real estate sector.

Outcome:

(a) **Improved national capacity for undertaking valuation assessments, and improved national valuation standards.**

(b) The development of a study on property valuation as a contribution to the work of the WPLA.

Thank you for your attention

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